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FISCAL IMPACT STATEMENT

LS 7702

BILL NUMBER: HB 1794

NOTE PREPARED: Jan 15, 2007

BILL AMENDED:

SUBJECT: Monthly Sales Tax Reports by Nonprofit Entities.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a nonprofit entity is not required to file sales tax returns if the only reason the entity is registered as a retail merchant is because the entity makes exempt purchases. The bill also provides that the exempt organization is required to renew its exempt organization certificate every two years. (Current law provides that an exempt organization certificate is renewed by the department of state revenue every two years if the organization has no outstanding liabilities.)

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: This bill will increase the administrative costs of the Department of State Revenue (DOR) by requiring the DOR to develop new procedures, amend Sales Tax forms, and update computer software relating to returns remitted by nonprofit entities, and retail merchant certificate renewals by nonprofit entities. It is estimated that the DOR could implement the provisions of this bill through the use of existing staff and resources.

The bill provides that a nonprofit entity that is registered as a retail merchant for the sole purpose of making exempt purchases is not required to file a return with the DOR. The bill does require that if the nonprofit entity begins making exempt or nonexempt sales, the nonprofit entity must then file a return with the DOR.

The bill also provides that the DOR may require a nonprofit entity to file a renewal application for the entities retail merchant certificate, regardless of whether the nonprofit entity has remitted and filed all taxes the nonprofit entity is currently obligated to remit. The bill also provides that this renewal for nonprofit entities shall be made at no cost to the entity. This renewal procedure differs from current statute, where the DOR *MUST* renew, without application, the certificate for any retail merchant that has remitted all forms and

taxes.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

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